



House of Representatives

File No. 754

General Assembly

January Session, 2021

(Reprint of File No. 548)

Substitute House Bill No. 6643
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 27, 2021

AN ACT CONCERNING MUNICIPAL TAXATION ASSISTANCE PROGRAMS AND THE MUNICIPAL PROPERTY TAX WAIVER.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2021*) Notwithstanding any
2 provision of chapter 105 or 204 of the general statutes or any special act,
3 charter, home rule ordinance, local ordinance or other local law, for the
4 fiscal years ending June 30, 2022, and June 30, 2023, any municipality or
5 district, as defined in section 7-324 of the general statutes, may provide,
6 upon approval by its legislative body or board of directors, as applicable,
7 a program in which taxpayers, businesses, nonprofits and residents may
8 defer payment for ninety days on any (1) tax on real property, personal
9 property or motor vehicle, or (2) municipal water, sewer or electric rate,
10 charge or assessment, from the time that such tax, rate, charge or
11 assessment becomes due and payable.

12 Sec. 2. (NEW) (*Effective July 1, 2021*) (a) (1) Except as provided in
13 subsection (b) of this section and notwithstanding any provision of
14 chapter 105 or 204 of the general statutes or any special act, charter,

15 home rule ordinance, local ordinance or other local law, for the fiscal
 16 years ending June 30, 2022, and June 30, 2023, any municipality or
 17 district, as defined in section 7-324 of the general statutes, may provide,
 18 upon approval by its legislative body or board of directors, as
 19 applicable, a program in which the delinquent portion of the principal
 20 of any (A) tax on real property, personal property or motor vehicle, or
 21 (B) municipal water, sewer or electric rate, charge or assessment, shall
 22 be subject to interest at a rate of three per cent per annum for ninety days
 23 from the time that such tax, rate, charge or assessment becomes due and
 24 payable until such tax, rate, charge or assessment is paid.

25 (2) At the conclusion of the ninety days during which the delinquent
 26 portion of any tax, rate, charge or assessment described in subsection (a)
 27 of this section shall be subject to interest at a rate of three per cent per
 28 annum, pursuant to said subsection, such delinquent portion, if any,
 29 shall be subject to interest and penalties as otherwise provided by law.

30 (b) The provisions of subsection (a) of this section shall not apply in
 31 the case of any tax, rate, charge or assessment described in said
 32 subsection that is subject to interest and penalties at less than three per
 33 cent per annum.

34 Sec. 3. Section 12-144c of the general statutes is repealed and the
 35 following is substituted in lieu thereof (*Effective July 1, 2021*):

36 Any municipality may waive any property tax due in an amount less
 37 than [twenty-five] one hundred dollars by action of its legislative body.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2021	New section
Sec. 2	July 1, 2021	New section
Sec. 3	July 1, 2021	12-144c

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
Various Municipalities	Revenue Loss	Less than \$5,000	Less than \$5,000

Explanation

The bill results in a revenue loss to certain municipalities in FY 22 and FY 23 by allowing them to 1) reduce the interest rate on property taxes subject to a three-month deferment, and 2) waive any property tax bill of less than \$100.

The revenue loss is expected to be less than \$5,000 in each fiscal year for any municipality that chooses to adopt these provisions. The impact would depend on the number of property tax payers that municipalities offer these benefits to.

House "A" limits the options established in the underlying bill to FY 22 and FY 23 only. This precludes any revenue loss from occurring in the out years.

The Out Years

As the bill only allows municipalities to implement an interest rate reduction or property tax waiver in FY 22 or FY 23, there is no impact in the out years.

OLR Bill Analysis**sHB 6643 (as amended by House "A")******AN ACT CONCERNING MUNICIPAL TAXATION ASSISTANCE PROGRAMS AND THE MUNICIPAL PROPERTY TAX WAIVER.*****SUMMARY**

This bill raises the maximum total property tax bill that a municipality's legislative body may waive, from \$25 to \$100.

It additionally allows municipalities and taxing districts to adopt programs for FYs 22 and 23 to provide temporary property tax or municipal utility charge relief to residents, businesses, and nonprofits (i.e., taxpayers) as long as the municipality's legislative body, or taxing district's board of directors, approves the program. Under the bill, municipalities and taxing districts may establish programs:

1. allowing taxpayers to defer payments for 90 days from the date they are due (presumably without incurring interest) or
2. lowering the interest rate (generally from 1.5% to 0.25% per month) on late payments for 90 days from the date they become due.

Under both programs the relief may apply to property taxes (including those owed on real and personal property and motor vehicles) or municipal water, sewer, or electric rates, charges, or assessments (i.e., municipal utility charges). (For property taxes or municipal utility charges that are billed in installments, the bill presumably provides the relief for each installment.)

Under the bill, a taxing district is any fire district; sewer district; village, beach, or improvement association; or any other district (except a school district) or association wholly within a town that may make

appropriations or levy taxes.

*House Amendment "A" limits the optional relief programs to FYs 22 and 23, rather than being an annual option, and changes the effective date.

EFFECTIVE DATE: July 1, 2021.

OPTIONAL RELIEF PROGRAMS

Payment Deferral

Municipalities and districts that offer a payment deferral program must allow taxpayers to defer property tax or municipal utility payments for 90 days after the due date. Under existing law, taxpayers generally have a one-month grace period, after which interest accrues from the due date (CGS § 12-146). (The bill does not specify whether amounts that remain unpaid after the deferral period expires will similarly accrue interest from the original due date.)

Lowered Interest Rate

Municipalities and districts that adopt a program to lower interest rates must subject delinquent property tax and municipal utility payments to an interest rate of 0.25% per month (3% per year) for 90 days after they become due, unless the full amount is paid sooner or the interest rate under existing law is lower. After the 90-day period expires, any unpaid amount is subject to the penalties and interest rate specified under existing law.

Under current law, municipal property taxes accrue interest at a rate of 1.5% per month (18% per year) for each month or part of a month that elapses between the due date and the payment date (CGS § 12-146). The same rate typically applies to municipal utility charges.

Additionally, delinquent payments are subject to a minimum interest charge of \$2 per installment under existing law and unchanged by the bill, but a municipality's legislative body may vote to not impose it (CGS § 12-146).

BACKGROUND***Existing Authority to Waive Interest***

Under existing law, municipalities' statutory authority to waive interest on delinquent property taxes is limited to certain specific situations (e.g., if the tax collector and assessor jointly determine that the tax delinquency is the result of an error by either official (CGS § 12-145)). Additionally, they must waive the interest for a taxpayer who is a crime victim and who has received compensation from the state's Criminal Injuries Compensation Fund, and for certain active military members (CGS §§ 12-146 and 12-146e).

Related Bill

sHB 1064 (File 564), favorably reported by the Planning and Development Committee, allows municipalities to waive the interest on property taxes due for the 2020 tax year on property used for manufacturing or commercial purposes and lowers the mandatory property tax interest rate to 1% per month (from 1.5%).

Related Executive Orders (EOs)

EOs 7S, § 6, and 7W, § 1, established a similar deferment program and low interest rate program and required municipalities to participate in one or both programs.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 26 Nay 0 (03/31/2021)